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ABSTRACT

A booklet for limited English speakers on money management provides information on savings accounts, checking accounts, choosing a bank, and the basics of budgeting. Cartoons, questions about the message in cartoons and narrative passages, checklists on things to consider, and the phonetic pronunciation of key words are presented. Specific topics include the following: (1) advantages of using banks; (2) the difference between commercial banks, savings banks, savings and loan associations, and credit unions; (3) how to make a deposit and withdrawal from an account; (4) considering the interest rate, the effective annual yield, the bookkeeping method used by the bank, and who insures the deposits in the bank; (5) how to write a check; (6) considering the monthly service charge, check printing charge, and check bouncing charge for checking accounts; (7) how to read a bank statement; and (8) banking services sometimes offered to customers. A sample form for making a budget and a checklist of things to consider are included. (SW)

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Good Sense With Our Dollars

by

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U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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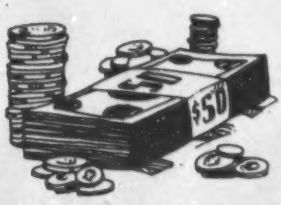
Introduction

MONEY TALK

Here are some words that will help you talk about money. Do you already know these words?

Word and how to say it	Meaning
financial (fi NĂN shŭl)	Having to do with money.
bank (bănk)	A place that has financial services for people, such as lending money. A bank also stores peoples' money and valuables.
account (ăc COWNT)	Money put into a bank.
check (chĕck)	A written order telling a bank to pay out an amount of money.
checking account (CHĔCK ĭng ăc COWNT)	Money put into a bank and taken out using checks.
savings account (SĀ vĭngs ăc COWNT)	Money put into a bank to be saved and to grow. A savings account grows by earning interest.
interest (IN trĕst)	Money paid for a loan; also money paid by a bank to its customers for the use of their savings accounts.
deposit (dĭ POZ ĭt)	To put your money into a checking or savings account.
withdraw (wĭth DRAW)	To take your money out of a checking or savings account.
cash (căsh)	(n) Coins and paper money. (v) To exchange a check for paper money or coins.
budget (BUD jĭt)	A plan for spending and saving your money.
balance (BAL ăns)	The amount of money in a checking or savings account.
dividend (DIV ĭ dĕnd)	A share of profits paid to a part-owner of a business.



HOW ABOUT YOU AND YOUR MONEY?

Read the sentences below. Tell whether you do each thing "always," "sometimes," or "never" by putting an X in one box after each sentence.

	Always	Sometimes	Never
I save some money each month.	☐	☐	☐
I pay cash when I buy things.	☐	☐	☐
I pay by check when I buy things each month.	☐	☐	☐
I plan how I will spend my money each month.	☐	☐	☐
I keep records when I spend money.	☐	☐	☐
I borrow money when I don't have enough cash.	☐	☐	☐
I buy things that I want but don't need.	☐	☐	☐
I only buy things that I really need.	☐	☐	☐

Do you manage your money wisely? A budget can help you.

WHY DO YOU NEED A BANK?

Put a check mark ✔ beside each reason why you need a bank.

Do you need . . .

☐ . . . a safe place to put money?

☐ . . . a place to get good advice about money?

☐ . . . a safe and easy way to pay bills?

☐ . . . a place to put away money for the future?

☐ . . . a place to borrow money?

☐ . . . a secure spot to put costly things such as jewelry?

WHERE CAN YOU BANK?

There are several kinds of banks. Find some where you could put your money.

Commercial banks

These banks have many services for consumers. They also have services for businesses. Consumers use commercial banks most often for checking accounts.

Look in the Yellow Pages under "Banks." Find three banks near where you live or work. List them here:

1. _____
   Name of bank | Address | Phone number

2. _____
   Name of bank | Address | Phone number

3. _____
   Name of bank | Address | Phone number

Savings banks

These banks offer savings accounts, loans, and some other services. Not all states have savings banks. Some are "mutual savings banks." People who have savings accounts in mutual savings banks are part owners. The owners are paid dividends on their savings.

Look in the Yellow Pages under "Banks." If there is a savings bank near where you live, copy the name and address here:

_____
Name of savings bank | Address | Phone number

Savings and loan associations

These offer savings accounts, loans to buy or build homes, and some other services. (This kind of bank may be called by another name: building and loan association; cooperative bank; homestead association.)

Look in the Yellow Pages under "Savings and Loan Associations." Find two savings and loan associations near where you live or work. List them here:

1. _____
   Name | Address | Phone number

2. _____
   Name | Address | Phone number

Credit unions

These are formed by people who have the same employer, or belong to the same union or church or other group. Members join together to save their money. They make loans to each other. Members buy shares in the credit union. They are paid dividends on their savings. Credit unions have many services for their members.

Look in the Yellow Pages under "Credit Unions." List the name of one credit union.

_____
Name | Address | Phone number

Chapter 1

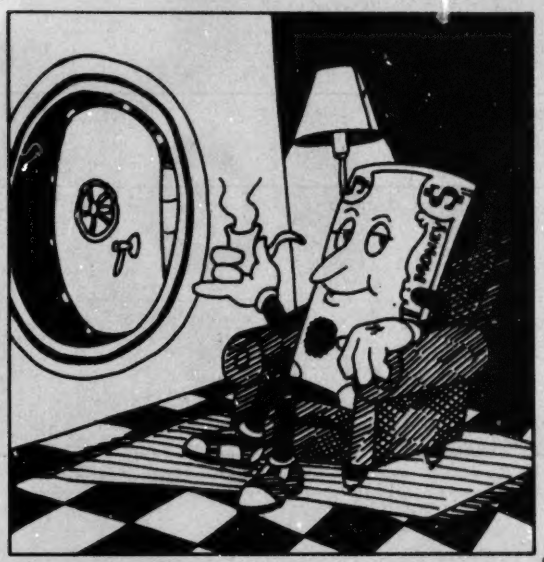
YOUR SAVINGS ACCOUNT

WHAT DO YOU THINK ABOUT SAVING?

Read the sentences below. If you agree with the sentence, check YES. If you disagree, check NO.

	YES	NO
1. Everyone should save some money each month.	____	____
2. Older people should save their money.	____	____
3. Young people do not need to save.	____	____
4. You should try to save the same amount of money each month.	____	____
5. Putting money in a piggy bank is a good way to save.	____	____
6. It's better to enjoy yourself and spend your money now than tc save it for the future.	____	____
7. It is easier to save if you know what you are saving for.	____	____
8. Married people should save.	____	____
9. Single people do not need to save.	____	____

WHAT CAN A SAVINGS ACCOUNT DO FOR YOU?



It's a safe place to keep your money.

It helps your savings to grow.

It can help you to pay unexpected bills.

It can help you to reach your goals.

Do you have a savings account? ☐ **YES** ☐ **NO**

What are your reasons for saving? _____

_____

_____

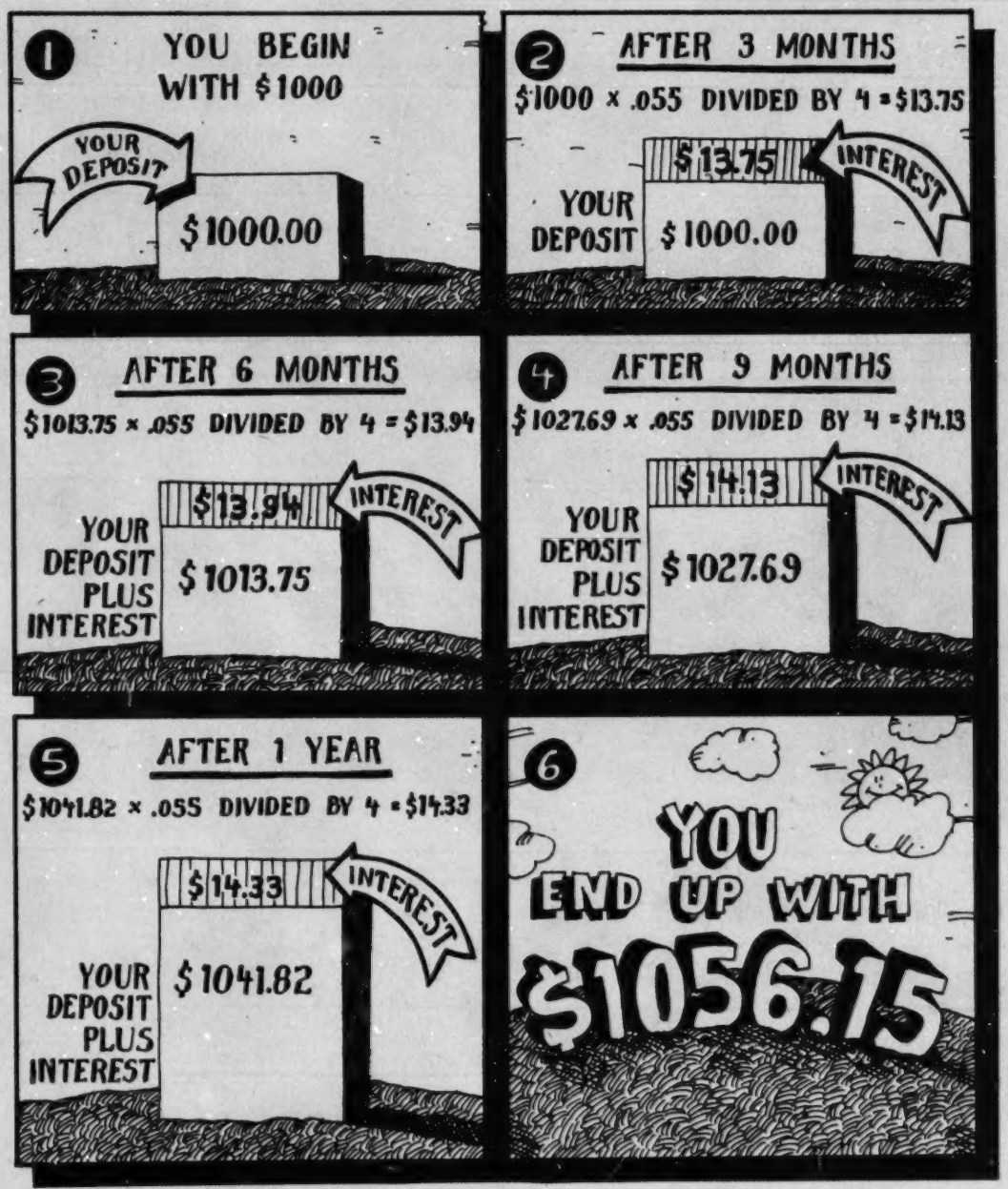
THIS WILL "INTEREST" YOU

HERE'S A RIDDLE. HOW DID I EARN $55 LAST YEAR WITHOUT DOING ANY WORK?
I DON'T KNOW. DID YOU FIND IT SOMEPLACE?
NO. IT WAS INTEREST ON MY SAVINGS ACCOUNT.
PASSBOOK SAVINGS
HMMM! VERY INTERESTING!

If you buried your savings in the ground, you would still have the same amount when you dug it up — if no one else got there first! If you put your money in a savings account, you are paid for the loan of your money. This means that your money earns money. "Interest" is a word for money that your savings earn. Interest is figured as a percentage. For example, your savings might earn a yearly interest rate of 5½ percent (%).

Savings accounts earn "compound interest." This means that while you are earning interest, you also earn interest on the interest.

Here is an example. Let's say you put $1000 in a savings account for one year. The bank pays you 5½% annual interest. The bank compounds interest four times a year. Four times a year the bank puts interest into your account.



How much interest have your savings earned? $_____

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PASSBOOK ACCOUNTS

Maybe you have a savings account. If you do, is it a regular or "passbook" account? When you open this kind of account, you are given a small book. You need this "passbook" to make deposits and withdrawals. The passbook is used to keep a record of how much money is in your account. When your savings earn interest or dividends, the amount is written in your passbook.

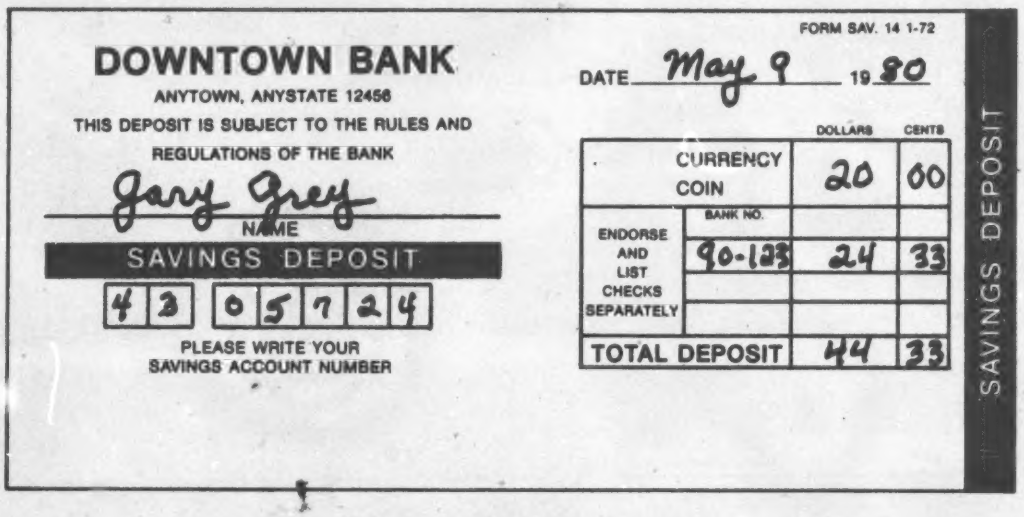
Some banks do not use a passbook for this kind of savings account. Instead, when you make a deposit, the bank gives you a **receipt** (rē SEET). The receipt tells the amount of your deposit. It also tells the date that you made the deposit. You keep a record of your deposits and withdrawals. Once a month the bank sends you a statement. The statement tells about your deposits and withdrawals. It also tells the interest that your savings have earned. The bank may call this a "statement account."

The passbook or statement account is a simple and convenient way to save. It takes only a few dollars to open an account. You can put money in your account when you want to. You can usually take it out of your account whenever you want to.

Passbook savings accounts are offered by commercial banks, savings banks, savings and loan associations, and credit unions. A passbook savings account is a convenient way to save. It is a good way to save for times when you suddenly need money: when you get sick, or need to repair your house or your car, or lose your job.

MAKING A DEPOSIT

Gary Grey has a passbook savings account. He wants to put some money in his account. He fills out a deposit slip. First Gary writes his name, the date, and the number of his savings account: 43 05724. He has a twenty dollar bill to deposit, so he writes "20.00" beside the word "CURRENCY." He also wants to deposit a check for $24.33. Gary looks at the top righthand corner of the check. He sees this number: 90-123. This is the number of the bank that issued the check. Gary writes "90-123" under "BANK NO." and beside it the amount of the check: $24.33. Then he adds $20 and $24.33 to find the total amount of his deposit. Gary's deposit slip looks like this:



DOWNTOWN BANK
ANYTOWN, ANYSTATE 12456
THIS DEPOSIT IS SUBJECT TO THE RULES AND REGULATIONS OF THE BANK

Gary Grey
NAME

SAVINGS DEPOSIT

4 3 | 0 5 7 2 4

PLEASE WRITE YOUR SAVINGS ACCOUNT NUMBER

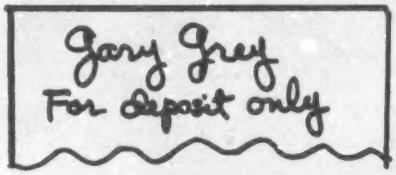
FORM SAV. 14 1-72

DATE May 9 19 80

		DOLLARS	CENTS
CURRENCY COIN		20	00
ENDORSE AND LIST CHECKS SEPARATELY	BANK NO.		
	90-123	24	33
TOTAL DEPOSIT		44	33

SAVINGS DEPOSIT

Next Gary *endorses* the check. This means he signs his name on the back. He also writes the words "for deposit only." This shows he wants the money put into his account. The back of the check looks like this:



Gary takes his passbook, the deposit slip he filled out, the twenty-dollar bill and the check for $24.33. He gives them to the bank teller. The teller's job is to help people make deposits and withdraw money. The teller writes in Gary's passbook that Gary has deposited $44.33. Then the teller gives the passbook back to Gary.

Now, you practice making a deposit. The number of your savings account is 12 37105. Deposit $10 in cash and two checks: a check for $12.99 (bank number 40-712) and a check for $8.25 (bank number 13-987).

FORM SAV. 14 1-72

DOWNTOWN BANK

ANYTOWN, ANYSTATE 12456

THIS DEPOSIT IS SUBJECT TO THE RULES AND REGULATIONS OF THE BANK

NAME

SAVINGS DEPOSIT

PLEASE WRITE YOUR SAVINGS ACCOUNT NUMBER

DATE _____ 19____

	BANK NO.	DOLLARS	CENTS
CURRENCY			
COIN			
ENDORSE AND LIST CHECKS SEPARATELY			
TOTAL DEPOSIT			

SAVINGS DEPOSIT

Did you list each check separately? Was the amount of your deposit $31.24?

MAKING A WITHDRAWAL

One month goes by. Gary needs to take money from his passbook savings account. He fills out a special form called a REQUEST FOR WITHDRAWAL. He writes on the form his savings account number, and the date. He writes the amount that he wants to take out of his account. He signs his name. He wants $30 in cash so he checks the box marked CASH. Look at his withdrawal slip at the top of the next page.

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DOWNTOWN BANK

ANYTOWN, ANYSTATE 12456

ACCOUNT NO. 43 05724

DATE June 10 19 80

$ AMOUNT 30.00

thirty and 00/100 _____ DOLLARS

I hereby apply for the withdrawal of and acknowledge having received the above stated sum which the Association is hereby authorized to charge as a withdrawal against my above numbered account.

SIGNATURE Gary Grey
Exactly as your name appears in passbook

SIGNATURE _____

ADDRESS 4210 Jones St.
Anytown 12455

FOR OFFICE USE ONLY

The Passbook MUST accompany every withdrawal

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

☐ CHECK _____ ☑ CASH

Gary gives the Request For Withdrawal and his passbook to the teller. The teller writes in Gary's passbook that he has withdrawn $30. Then the teller gives Gary his passbook and $30 in cash.

Now, you practice filling out a withdrawal slip. The number of your passbook savings account is 12 37105. Request a withdrawal of $40 in cash from your account.

DOWNTOWN BANK

ANYTOWN, ANYSTATE 12456

ACCOUNT NO. ☐☐ ☐☐☐☐☐

DATE _____ 19__

$ AMOUNT _____

_____ DOLLARS

I hereby apply for the withdrawal of and acknowledge having received the above stated sum which the Association is hereby authorized to charge as a withdrawal against my above numbered account.

SIGNATURE _____
Exactly as your name appears in passbook

SIGNATURE _____

ADDRESS _____

FOR OFFICE USE ONLY

The Passbook MUST accompany every withdrawal

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34

☐ CHECK _____ ☐ CASH

Did you sign your name and write in your address? Did you make a check mark (✓) in the box for CASH?

REMEMBER . . .

A **deposit** is putting money in.

Withdrawal is taking it out again.

CHOOSING A PLACE FOR YOUR SAVINGS

HEY, SUSIE! WHERE ARE YOU GOING?
I'M GOING TO OPEN A SAVINGS ACCOUNT. THERE'S A BANK AT THE NEW SHOPPING CENTER ACROSS TOWN.
BUT THAT'S SO FAR AWAY!
YES, BUT IF I DEPOSIT $100, I CAN BUY A POCKET CALCULATOR FOR ONLY $3.95.
YOU'LL NEED A CALCULATOR TO ADD UP WHAT YOU SPEND FOR GAS TO GET TO THE BANK!
ARE YOU SAYING THAT I SHOULD SHOP AROUND BEFORE I OPEN AN ACCOUNT?

Some banks offer gifts to attract people. But before you open an account, you should shop around. You should find the best deal for you.

Here are some questions to help you shop around. Go back to page 6. There you listed some banks near you. Visit the banks or call them on the phone. Ask them these questions:

1. What interest rate does the bank pay?

Note: The federal government sets limits on interest rates. Savings and loan associations are allowed to pay higher interest rates than commercial banks. Credit unions often pay a higher interest rate than savings and loan associations.

Bank #1: _____ pays _____% interest
Name

Bank #2: _____ pays _____% interest
Name

Bank #3: _____ pays _____% interest
Name

2. What is the effective annual yield? (ē F͡EK tĭv ͡AN ū ăl YĒLD)

This means the true interest rate. This depends on how often interest is compounded. (Look back on page 10 to see how compound interest is figured.) The more often interest is compounded, the more interest you earn. If your savings earn 5% interest compounded daily, the true rate of interest is 5.12%.

Bank #1: _____ : effective annual yield is _____%

Bank #2: _____ : effective annual yield is _____%

Bank #3: _____ _____ : effective annual yield is _____%

3. What bookkeeping method does your bank use?

Note: The best method for you is the one that pays interest from day of deposit to day of withdrawal.

Bank #1: _____ uses method of _____

Bank #2: _____ uses method of _____

Bank #3: _____ _____ uses method of _____

4. Who insures deposits in the bank?

It is important for bank customers to have their bank accounts insured. Having your bank account insured means that you will be repaid if the bank should fail.

Deposits in many commercial banks are insured up to $40,000 by the Federal Deposit Insurance Corporation (FDIC). The Federal Savings and Loan Insurance Corporation (FSLIC) insures deposits up to $40,000 in some savings and loan associations. Other banks and savings and loan associations are insured by state or private insuring agencies. The FDIC insures some savings banks. The National Credit Union Administration (NCUA) insures deposits in some credit unions.

Bank #1: _____ insured by _____

Bank #2: _____ insured by _____

Bank #3: _____ insured by _____

5. Does the bank pay postage if you bank by mail?

(Note: Some banks give postage-paid envelopes to their customers.)

Bank #1: _____ ☐ Yes ☐ No

Bank #2: _____ ☐ Yes ☐ No

Bank #3: _____ ☐ Yes ☐ No

6. What hours is the bank open?

Note: Some banks are open late on Friday evening. Some are open on Saturday or Sunday.

Bank #1: _____ Hours: _____

Bank #2: _____ Hours: _____

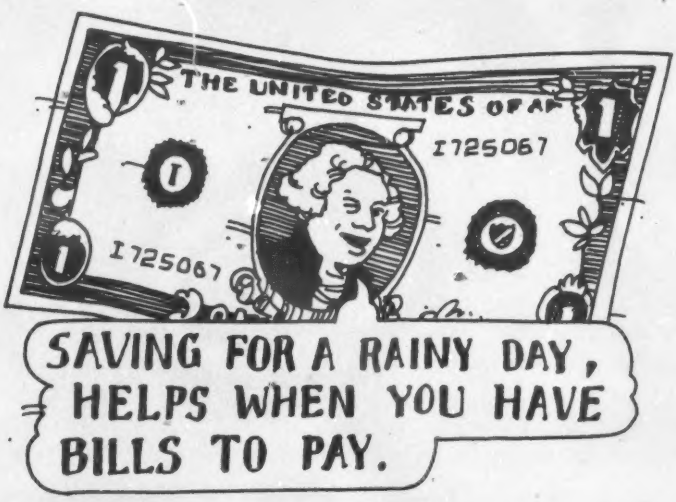
Bank #3: _____ Hours: _____

Which bank would be the best place for your savings?

☐ Bank #1 ☐ Bank #2 ☐ Bank #3

TIPS FOR SMART SAVING

1. Shop around to find the highest interest rate.
2. Save some money each month.
3. Keep your passbook in a safe place at home.



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Chapter 2

YOUR CHECKING ACCOUNT

HEY, HONEY! I OPENED A CHECKING ACCOUNT TODAY. NOW IT WILL BE EASY TO PAY OUR BILLS.
AREN'T YOU FORGETTING SOMETHING?
IT'S EASY TO WRITE CHECKS. THE HARD THING IS GETTING ENOUGH MONEY TO PAY THE BILLS!

What is a checking account?

A checking account is money deposited in a bank that can be withdrawn by writing checks. A check is a written order. It tells your bank to pay out money from your account to you or to someone else.

In some banks, checking accounts earn interest. In others, no interest is earned in checking accounts.

Where can you have a checking account?

A commercial bank is the most likely place to open a checking account.

How does a checking account differ from a savings account?

A savings account is a safe way to store your money. Your savings earn interest. Even though you will make withdrawals, you will expect that your savings account will grow.

A checking account is also a safe way to store your money. But, with a checking account, you often take money out by writing checks. You write checks to get cash. You write checks to pay bills. You probably make one or two big deposits in your checking account each month. You also make many small withdrawals as you write checks. You do not expect your money to grow in a checking account. There are other reasons why most people want a checking account. You will find these reasons on the next page.

DO YOU NEED A CHECKING ACCOUNT?

Here are some reasons for having a checking account:

US MAIL
YOU CAN SEND PAYMENTS BY MAIL.
$
YOU DON'T HAVE TO CARRY A LOT OF CASH.
ANYTOWN BANK
501
PAY TO. Home Town Hardware $10.00
ten and 00/xx DOLLARS
John Doe
:9:0340B1:5
YOU HAVE PROOF THAT YOU PAID.
TAX FORM
YOU HAVE RECORDS OF PAYMENTS THAT WILL HELP YOU DO YOUR TAXES.

List some things you usually pay for with cash. Make an X in the box beside things that you *could* pay for by check.

_____ ☐

_____ ☐

_____ ☐

_____ ☐

20

WRITING A CHECK

This is a check stub. It's used to keep a record.

(1) No. 1009 $ 9 35/100 (5)
(2) May 12 1980
(4) To Discount Sales
(8) For alarm clock

	DOLLARS	CENTS
(11) Bal. bro't for'd.	150	00
(12) Amt. Deposited.	—	
Total	150	00
(5) Amt. this Check.	9	35
(13) Bal. car'd for'd.	140	65

This is a check. It has been filled out.

Charles Checkwriter
Easy Street
Anytown, Anystate 12457

1009 (1)

(2) May 12 1980 (3) x 22-10/960

PAY TO THE ORDER OF (4) Discount Sales, Inc. $ 9 35/100 (5)

(6) Nine and 35/100 DOLLARS

(7) ANY BANK
ESTABLISHED 1903

MEMO (8) alarm clock

(10) Charles Checkwriter

⑈096000108⑈ 18-26-023⑈ 1009

(3) (9)

The small numbers with circles will help you to understand each part of the check and check stub. Find each number on the check and stub. Match the number with the explanations below.

(1) Check number. Checks are numbered to help people keep track of every check.

(2) Date check is written.

(3) Identification number of the bank where you have your checking account.

(4) Payee (person or business being paid by check).

(5) Amount of money written in numbers.

(6) Amount of money spelled out in writing.

(7) Name of bank.

(8) Purpose of the check. This is for the check writer's information. This check was used to buy an alarm clock.

(9) Number of the checking account. This number is written in special magnetic ink so the check can be sorted by computer.

(10) Signature. This must match the signature card the bank has for Charles Checkwriter.

(11) Current balance (amount of money in the account before writing this check).

(12) Space for writing in a deposit.

(13) Balance after writing this check.

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Now, you write a check. Think of something you would like to buy. Fill out this check and stub. Be careful! Don't write a check for more money than you have in your account!

No. $_____

_____ 19____

To _____

For _____

	DOLLARS	CENTS
Bal. bro't for'd.		
Amt. Deposited.		
Total.		
Amt. this Check.		
Bal. car'd for'd.		

1009

_____ 19____ x 22-10/960

Pay to the Order of _____ $_____

_____ DOLLARS

ANY BANK
ESTABLISHED 1908

MEMO _____

⑆096000108⑆ 18 26 023 1009

Did you write the amount of the check close to the dollar sign? If you do this, no one can change the amount of your check.

Did you begin writing the amount of the check in words at the beginning of the line? Then no one can change the amount of your check.

Compare what you wrote with the check on page 19.

Advice from a careful check writer

Always write your check with pen.
Be sure to fill all spaces in.

Look at the check and you will see
Where you write the name of the payee.

Write the amount in figures, then spell it out.
If you do that, there is no doubt.

Then sign your name. It isn't hard.
It should look just like your signature card.

Fill out the stub now. Don't forget,
Or you will find yourself in debt!

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SHOP FOR A CHECKING ACCOUNT

Manuel has a checking account. Last year he paid $57 in service charges. Lola also has a checking account. Her account is at a different bank. Last year she did not pay any service charges. She has a free checking account.

Before she opened an account, Lola compared plans at different banks. She found the best deal. You, too, can save money by shopping around. Here's how to do it.

Look at page 6 of this book. Find the names of the three commercial banks near you. Visit or call the banks. Speak to someone who takes care of new accounts. Ask these questions. Write the answers in the spaces below.

1. Is there a monthly service charge? If yes, how much?

Name of Bank #1: _____ How Much: _____

Name of Bank #2: _____ How Much: _____

Name of Bank #3: _____ How Much: _____

Note: Some banks charge a monthly service charge. The fee is always the same, no matter how many checks you write. Other banks charge a fee for each check that you write. Some charge for each deposit that you make. Some banks have free checking accounts. Other banks offer free checking if you always keep a certain amount of money in your checking account. Some banks give you free checking if you keep some money in a savings account.

2. Is there a printing charge for checks? If yes, how much?

Bank #1: _____ How Much: _____

Bank #2: _____ How Much: _____

Bank #3: _____ How Much: _____

Note: Some banks will give you free checks with your name printed. If you want your address printed on the checks, you must pay for it. Banks have many styles of checks and checkbooks. If you want something fancy, you must pay extra for it.

3. What happens if there is not enough money in my account to cover a check?

Bank #1: _____

Bank #2: _____

Bank #3: _____

Note: Some banks will let you know when there is not enough money in your account to cover a check. Then you can put in enough money to "cover" the check. Other banks will return the check and just say that you don't have the money in your account. Some banks have "check overdraft" plans. If a bank has this plan, the bank gives you a loan when you don't have enough money to cover a check. This keeps your checks from "bouncing."

4. What other fees does the bank charge?

Bank #1: _____

Bank #2: _____

Bank #3: _____

Note: A bank may charge you if it returns one of your checks because you don't have the money in your account. Banks may also charge for services like stopping payment on a check. Stopping payment means that you tell the bank not to cash your check. You would do this if someone stole a check that you had written.

Which bank would be best for you?

Bank #1 _____ Bank #2 _____ Bank #3 _____

READING A BANK STATEMENT

Each month your bank will send you your **canceled** (CAN sĕld) checks. Canceled checks are checks that have "cleared." "Cleared" means that they have been cashed by the payee and returned to your bank. Money has been taken out of your account for each check.

The bank also sends a bank statement. The bank statement lists your deposits and withdrawals. It tells you what charges the bank has made. The bank statement tells you how much money is in your account (what your *balance* is).

On the next page is a sample bank statement. Look at the statement and answer these questions. Answers are given upside down at the bottom of the page.

1. What is the date of the bank statement? _____
2. What is the name of the bank? _____
3. How many checks were cleared through the account? _____
4. How many deposits were made this month? _____
5. This statement tells what happened in the account from January _____ through February _____, 1980.
6. Is there a service charge? ☐ Yes ☐ No How much? _____
7. How much money was in the account on February 4, 1980? _____

_____

ANSWERS

1 — February 4, 1980
2 — Downtown Bank
3 — 9
4 — 4
5 — January 4 through February 3
6 — Yes; $1.35
7 — $264.84

YOUR BANK STATEMENT

Each month you should compare your bank statement with your checkbook record. You might have forgotten to make a note about a check that you wrote. Or you might have forgotten to record a deposit that you made. Maybe you made a mistake adding or subtracting. Maybe the bank made charges that aren't written in your checkbook. Maybe the bank made a mistake in your statement. (Sometimes they do!) It's your job to compare the bank statement with your records. You and the bank should agree on how much money is in your account.

09 - 6796
Account No.

DOWNTOWN BANK
Anytown, Anystate 12456

February 4, 1980
Date of this Statement

Statement of Checking Account

**** Sally Saver ****
1532 First Ave., Apt. B
**** Anytown, U.S.A. 00000 ****

Checks & Debits	Deposits & Credits	Date	Balance
		1 04 80	136.40
5.00		1 04 80	131.40
	25.00	1 07 80	156.40
21.28		1 10 80	135.12
	292.80	1 16 80	427.92
45.32		1 16 80	382.60
	36.00	1 20 80	418.60
34.71		1 23 80	383.89
52.54		1 27 80	331.35
	292.80	2 01 80	624.15
285.00		2 01 80	339.15
36.48		2 01 80	302.67
16.50		2 02 80	286.17
20.00		2 03 80	266.17
1.35SC			264.84

KEY TO SYMBOLS:

DM - Debit Memo
SM - Credit Memo
OD - Overdraft

EC - Error Correction
SC - Service Charge
IC - Item Charge

THE LAST AMOUNT IN THIS COLUMN IS YOUR BALANCE

No. of Debits - 9

CHECK YOURSELF ON CHECKING ACCOUNTS

Fill in the blanks to complete the sentences below. Use these words:

statement service canceled deposit record

1. Each month your bank will send you a _____.
2. A _____ check shows that money has been paid out of your account.
3. A _____ receipt shows that you put money in your account.
4. There may be a monthly _____ charge for your checking account.
5. Each month you should compare your bank statement with your check _____.

Tell how to use a checking account. Write DO or DON'T at the beginning of each sentence.

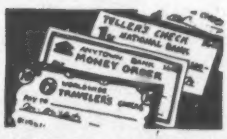
1. _____ keep checks where they could be lost or stolen.
2. _____ record each check as you write it.
3. _____ throw away deposit receipts.
4. _____ know the rules and charges for your account.
5. _____ keep canceled checks.
6. _____ tell your bank if any of your checks are lost or stolen.

Chapter 3

CHOOSING A BANK

Banks can do many things for their customers. Here are some banking services that you might use sometime.

CREDIT CARDS You can use a bank credit card such as VISA or Mastercard to buy many things. The bank sends you one monthly bill for everything that you charge on the card.



SPECIAL CHECKS Special checks can be used instead of cash or personal checks. Some of these special checks are traveler's checks, certified checks, cashier's checks, and bank money orders. The bank charges for these special checks.

SAFE DEPOSIT BOXES. You can rent a safe place to store important papers and valuable things such as coins, gems and jewelry.

SPECIAL WAYS TO DEPOSIT AND WITHDRAW MONEY Some banks provide envelopes so you can bank by mail. Some pay the postage. Some have machines so you can make deposits and withdrawals 24 hours a day. Some automatically put money into your account or take money out.

LINE OF CREDIT You can borrow money by writing checks up to an amount that is agreed-on in advance by the bank.

ADVICE In some cases the bank might give you advice about investments and taxes.

What are some bank services that you have used?

_____

_____

_____

What are some bank services that you would like to use?

_____

_____

_____

TEST YOURSELF

Fill in the blanks to complete the sentences. Use these bank services:

safe deposit box	advice
bank credit card	special checks
line of credit	

1. Banks sell _____ that you can use instead of personal checks.
2. A _____ lets you borrow money by writing checks.
3. With a _____ you can charge things at many stores.
4. A _____ is a good place to keep important papers.
5. Some banks give _____ about taxes.

"WE WANT TO BE YOUR BANK"

Banks want new customers. They compete for customers. Banks advertise in newspapers and through the mail. They advertise on radio and TV. Sometimes banks offer free gifts. Sometimes banks run contests. Each bank wants to be "your" bank. But you must decide which bank is right for you.

Collect some bank ads. Read them carefully. What does each bank offer you?

Name of Bank #1: _____ Offers: _____

_____ _____

Name of Bank #2: _____ Offers: _____

_____

Name of Bank #3: _____ Offers: _____

_____

What else would you like to know about each bank?

Bank #1: _____

Bank #2: _____

Bank #3: _____

Banks also advertise in the Yellow Pages.

Look under "Banks" for commercial banks and savings banks. Also look under "Savings and Loan Associations." Look at these ads from the *Yellow Pages* and answer the questions below.

Bank 1

PEOPLE'S BANK OF YOUR TOWN
The bank that wants to help you!

Complete banking services
Six branch offices
Free personal checking
Member: F.D.I.C.

Bank 2

DOWNTOWN FEDERAL SAVINGS & LOAN ASSOCIATION

Postage-free save-by-mail envelopes
Free parking
Monday-Friday 9:00 A.M. to 4:00 P.M.
WE PAY THE HIGHEST RATES!

FSLIC

1. Which ad is for a commercial bank? ☐ Bank 1 ☐ Bank 2
2. Which bank offers checking accounts? ☐ Bank 1 ☐ Bank 2
3. Which ad tells you when the bank is open? ☐ Bank 1 ☐ Bank 2
4. Which bank has branch offices? ☐ Bank 1 ☐ Bank 2

"I WANT YOU TO BE MY BANK"

You have been learning about banks. You have been comparing them. You found the best place to put your savings. Look at page 16. Copy the name of the bank here:

_____

You found the best place for a checking account. Look at page 22. Copy the name of the bank here:

_____

If the names are the same, then maybe you have found the right bank for you. If they are not the same, ask yourself: Do I want to do all my banking at one bank? If you don't, you can open a savings account at one bank. You can open a checking account at another bank. If you want one bank for everything, keep on shopping. Here is a form you can use to compare banks:

QUESTION	BANK	BANK	BANK
What services does your bank offer?			
How much do these services cost?			
Do you have a branch near where I live or work?			
What are your banking hours?			
How are deposits insured? For how much?			
What interest rates do you pay on savings accounts?			

Make up your mind!

Which bank do you want to be your bank? _____

Do you want more than one bank? ☐ Yes ☐ No

If Yes, name the other bank: _____

Chapter 4

MANAGING YOUR MONEY

THE BASICS OF BUDGETING

Do you know the answers to these questions?

1. What is a budget? _____

   _____

2. Is budgeting the same as keeping a record of money that you spend? ☐ Yes ☐ No, the difference is _____

   _____

3. What is a good way to set up a budget? _____

   _____

   _____

Here are some answers to the questions. Compare them with your answers.

1. A budget is a spending plan.
2. A spending record is not the same as a budget. A spending record is part of budgeting. It is easier to budget if you know how much you are spending. Budgeting means planning how you will spend your money. Make a plan. Then make a record of how you spend your money. You will see if you followed your plan.
3. A good way to set up a budget is to plan for one year. Plan how you will spend your money each month. Divide your costs into two kinds:

   Fixed costs — costs that are the same each month. Some fixed costs are rent, car payments, and insurance.

   Variable (văr ē ə bl) costs — costs that change from month to month. Some variable costs are food, clothes, and household supplies.

WHERE DOES YOUR MONEY GO?

Here are some ways people spend their money. Put a check mark (✓) beside each thing that you pay for every month.

_____ Food (at home; away from home)

_____ Clothing (new clothes, laundry, dry cleaning)

_____ Rent or mortgage

_____ Transportation (car expenses, bus fare, subway, cabs)

_____ Contributions (gifts to charity, religious groups, schools, etc.)

_____ Personal care (haircuts, cosmetics, etc.)

_____ Education

_____ Entertainment and recreation (movies, sports and equipment, etc.)

_____ Gifts

_____ Home furnishings

_____ Household supplies

_____ Installment payments

_____ Medical care

_____ Insurance

_____ Reading (books, magazines, etc.)

_____ Savings

_____ Dues (union, club, etc.)

_____ Utilities (telephone, gas, electricity, etc.)

_____ Vacation

_____ Other: _____

Now you know what to put in your budget. Circle the things that cost the same each month (fixed costs). The others are variable costs.

NOW, MAKE A BUDGET

Use this form to make a budget for one month. If you don't know exactly what your costs will be, make guesses.

1. What will your income be? $_____

2. What will your fixed costs be?

Cost	Amount
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____

TOTAL $_____

3. What will your variable costs be?

Cost	Amount
_____	$_____
_____	$_____
_____	$_____
_____	$_____
_____	$_____

TOTAL $_____

4. How much will you put into your savings account? $_____

5. Add up your total budget $_____

6. Compare your income with your total budget. You should not plan to spend more money than you earn. You should try hard to save some money every month.

HERE IS SOME ADVICE

The well-known money expert, Betty Budgeter, answers questions from people like you:

Dear Betty:

I don't have time to keep track of every penny I spend. Is budgeting for me?

— Too Busy

Dear Busy:

Keep your budget simple. Give yourself a personal allowance to take care of small personal expenses.

Dear Betty:

At the end of the month there is never any money left over to put in our savings account. How can we budget for savings?

— Hoping to Save

Dear Hope:

Decide what you are saving for and how much money you will save each month. Put the savings under fixed costs in your budget.

Dear Betty:

I can't stick to a budget. It takes all the fun out of life. What should I do?

— Fun Lover

Dear Lover:

When you plan your budget, plan to give yourself a treat once in a while. Don't be afraid to change your budget. Your budget should have what you really need and want in it.

Now, you write a letter to Betty.

Dear Betty,

How do you think Betty would answer you?

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